

RELOCATION TO ITALY

Tax, immigration and social security regimes

Why Italy — and why now

Italy remains one of the most tax-competitive destinations in Europe for high-net-worth individuals, international workers and foreign pensioners. Its suite of relocation incentives — the “Flat Tax” regime, the “Pensioners” tax regime and the “Inbound Workers” regime — offers a compelling combination of broad foreign income exemptions and access to Italy’s extensive double tax treaty network.

These regimes have been partially updated as of 1st January 2026. The Flat Tax regime has become more expensive for new residents, while the Pensioners tax regime has been broadened. The Inbound Workers regime remains unchanged, but it has been confirmed that it may be combined with the Flat Tax regime for those who become Italian tax residents before 2027 — a significant window for maximising aggregate benefits.

This newsletter summarises the key features of each regime, the available VISA schemes for non-EU citizens and the social security implications, together with our team’s approach to supporting a seamless relocation.

Quick comparison

The table below provides a side-by-side overview of the three regimes. Detailed descriptions follow.

	Flat Tax regime	Inbound Workers regime	Pensioners regime
Italian-source income	Taxable up to 43% plus local income surcharges	Income from work, up to EUR 600k per year, is taxable at 22.5% approx. (other limitations apply)	Taxable up to 43% plus local income surcharges
Foreign-source income	EUR 300k annual flat tax	Taxable up to 43% plus local income surcharges	Taxed at 7%
Inheritance/gift tax	No taxation on foreign assets	Ordinary rules	Ordinary rules
Reporting duties	Not for foreign assets	Yes	Not for foreign assets
Property taxes	Not for foreign assets	Ordinary taxation	Not for foreign assets
Entitlement to tax treaties	Yes	Yes	Yes
Remittance	No taxation	No taxation	No taxation
Family members	Covered if a EUR 50k tax is paid (per person)	Not covered	Not covered
Limitations	[see next columns]	Alternative to the Flat Tax regime for new Italian tax residents from 1 st January 2027	Alternative to the Flat Tax regime

Flat Tax regime

The Flat Tax regime is a tax incentive which partially exempts foreign source income. It applies to natural persons — including Italian citizens and returnees — who:

- Become Italian tax residents; and
- Have not been resident in Italy for tax purposes in at least 9 of the 10 years preceding the relocation, according to the Italian rules; and
- Pay an annual substitutive tax of EUR 300,000 (EUR 50,000 per any additional family member meeting the above requirements).

The regime grants an exemption from *(i)* income tax on income sourced outside the Italian territory, *(ii)* inheritance and gift tax and property taxes on assets located abroad and *(iii)* reporting obligations on the value of foreign assets and investments. Italian-source income and Italian investments remain subject to the ordinary tax rules.

The regime lasts up to 15 years at the applicant's discretion and may be extended to family members. It was initially introduced with a substitutive tax of EUR 100,000. Those who transferred their residence to Italy before 10 August 2024 continue to pay EUR 100,000 annually; those who relocated between 10 August 2024 and 31 December 2025 pay EUR 200,000. The current amount of EUR 300,000 applies to all new residents from 1 January 2026 onwards. For family members, the amount remains EUR 25,000 for those who transferred their residence to Italy before 31 December 2025 and EUR 50,000 thereafter.

All applicants are entitled to access the Italian tax treaty network and claim tax reductions in foreign States, subject to a case-by-case analysis by local advisors.

The applicant may start a ruling procedure with the Italian tax authorities to: *(i)* secure a safe application of the regime before relocating and *(ii)* fine-tune the regime with respect to foreign income and investments, maximising wealth planning benefits (e.g. taxation of financial income, carried interest, cryptocurrencies, review of foreign trusts or holding companies). This procedure typically lasts between 90 and 120 days.

Pensioners tax regime

As an alternative to the Flat Tax regime, the Pensioners tax regime is a tax incentive which partially exempts foreign source income. It applies to natural persons — including Italian citizens and returnees — who:

- Are resident in a State with cooperation agreements in force with Italy; and
- Become Italian tax residents by relocating to an Italian municipality in southern Italy with no more than 30,000 inhabitants (the threshold was 20,000 inhabitants for those who relocated before 2026); and
- Have not been resident in Italy for tax purposes during the 5 years preceding the relocation; and
- Hold a qualifying foreign pension.

Under this regime, all foreign income is subject to a 7% substitutive tax, and the applicant is exempted from *(i)* property taxes on assets located abroad and *(ii)* reporting obligations on the value of foreign assets and investments. Italian-source income and investments remain subject to ordinary rules.

The regime lasts up to 10 years at the applicant's discretion. Access to the Italian tax treaty network is available on the same terms as the Flat Tax regime. An advance ruling procedure with the Italian tax authorities is also available.

Inbound Workers regime

Qualifying workers and professionals relocating to Italy — including Italian citizens and returnees — may benefit from a substantially reduced taxation of income from their professional activity carried out in Italy. The regime applies to those who:

- Become Italian tax residents and commit to remain tax resident in Italy for the following 4 years; and
- Have not been Italian tax resident for at least 3 years (up to 7 years for intra-group transfers of employees) pursuant to Italian law or applicable double tax treaties; and
- Work mainly within Italian territory for either an Italian or a non-Italian enterprise (smart working is included); and
- Meet certain high-qualification requirements.

Under this regime, Italian individual income tax applies to only 50% of employment or self-employment income — effectively reducing the marginal rate to approximately 22.5% including local surcharges. The taxable income is further reduced to 40% where the applicant has a minor child (with some limitations).

Eligible income is capped at EUR 600,000 per year; income in excess of this cap remains subject to ordinary rules. For self-employed workers, the tax benefit is subject to *de minimis* limitations under EU law.

The regime applies for up to 5 years, with a possible extension of 3 additional years in limited cases. Importantly, it can be combined with the Flat Tax regime by applicants who become Italian tax residents before 2027, enabling a comprehensive shelter of both Italian professional income and foreign income.

Italian VISA schemes for non-EU citizens

Non-EU citizens generally require a VISA and a residence permit to relocate to Italy and access the tax regimes above. Italy offers several VISA options depending on the applicant's profile and intended activities.

Elective residence VISA

This traditional VISA is suitable for applicants not intending to carry out a working activity in Italy — the typical profile for the Flat Tax regime or the Pensioners regime. The main requirements are: *(i)* a house in Italy at the applicant's disposal (owned or rented) for registering with the Italian register of population (*anagrafe*) and *(ii)* evidence of sufficient financial resources for self-maintenance in Italy, generally documented through bank statements or regular income sources.

Investor VISA

The investor VISA is available to non-EU applicants carrying out, directly or through a company, one of the following investments:

- EUR 2,000,000 in Italian government bonds;
- EUR 500,000 in an Italian company or in a qualifying Italian venture capital fund;
- EUR 250,000 in an Italian innovative start-up; or
- EUR 1,000,000 in philanthropic donations to projects of public interest in Italy.

Blue card VISA

The EU Blue Card is available to highly qualified non-EU workers relocating to Italy under an employment contract, subject to a minimum salary threshold set by applicable Italian regulations. It is the natural complement to the aforementioned Inbound Workers regime since both share the same high qualification requirement.

Digital nomad VISA

The digital nomad VISA is available to highly qualified workers — both employees and freelancers — who intend to relocate to Italy while working remotely for both Italian and non-Italian employers or clients. Eligibility requires evidence of qualifying professional activity for at least six months, a minimum annual income, health insurance coverage and suitable accommodation in Italy. This VISA is well-suited to internationally mobile professionals who may also qualify for the Inbound Workers regime.

Family reunification

Family members of the primary applicant can obtain family permits allowing them to reside in Italy.

Social security implications

Workers relocating to Italy — whether under the Flat Tax regime or the Inbound Workers regime — are generally subject to Italian social security contributions on employment or self-employment income arising in Italy.

For high income earners, contributions are in several cases limited to a capped basis (EUR 120,000 approx.), reducing the overall effective burden. However, cross-border situations may give rise to double contributions where the foreign State of the employer or paying entity also levies social security charges on the same income — a scenario that arises frequently in the case of directors of foreign companies or employees on international assignments.

Significant planning opportunities exist, particularly where EU Member States are involved, to coordinate contribution obligations arising for both the workers and the employer and minimise the overall social security cost and compliance. Our team advises on the structuring of both the employment relationship and remuneration arrangements to achieve the most efficient outcome in line with the tax regimes applicable to the worker.

How we can help

Our tax department regularly advises HNWI clients, international executives and their advisors on Italian relocation matters. Our work spans from pre-move planning and advance ruling procedures with the Italian tax authorities to the ongoing management of compliance obligations, wealth structuring and cross-border coordination.

We are part of non-exclusive international networks covering major European jurisdictions and key markets in Asia. Our cross-border capability enables us to deliver integrated services wherever required.

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